

Message Text

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PAGE 01 MEXICO 20524 100002Z

ACTION ARA-14

INFO OCT-01 ISO-00 XMB-04 EB-08 SSO-00 /027 W

-----130950 100004Z /75/70

O 091857Z DEC 77

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC IMMEDIATE 6881

UNCLAS MEXICO 20524

PASS ARA/MEX FOR ROBERT DUNN

C O R R E C T E D C O P Y (ADD LINE TWO TO PARA THREE)

E.O. 11652: N/A

TAGS: ENRG, MX

SUBJECT: EXIM CREDITS FOR GAS PIPELINE

1. FOLLOWING IS TRANSLATION OF EXCELSIOR EDITORIAL
(DECEMBER 9, 1977, PAGE 6-A) ON CANCELLATION OF PEMEX
STEEL PIPE ORDER FROM U.S. STEEL.

2. BEGIN TEXT:

PIPELINE, DOUBTFUL

PEMEX HAS JUST CALLED OFF AN ORDER TO BUY 80,000 TONS OF
STEEL PIPE FOR GAS FROM A U.S. COMPANY BECAUSE THE U.S.
GOVERNMENT INTENDS TO CONDITION THE PRICE (OF MEXICO'S
NATURAL GAS TO BE SOLD TO THE UNITED STATES), ACCORDING
TO REPORTS FROM OUR CORRESPONDENT IN WASHINGTON.

3. THE CANCELLATION(OF THIS ORDER) COMES AT THE SAME
TIME THAT THERE ARE INDICATIONS THAT THE U.S. GOVERNMENT
"WILL NOT FINANCE THAT PURCHASE" FOR THE REASON MENTIONED
BEFORE, AND THE PROSPECTS OF GETTING THE 590 MILLION-
DOLLAR CREDIT ARE FOR ALL PRACTICAL PURPOSES IN SUSPENSE.

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4. THIS INFORMATION IS DISCOURAGING BECAUSE, ACCORDING TO
FORECASTS AND OPINIONS EXPRESSED IN MEXICO, THE SALE OF
MEXICAN NATURAL GAS TO THE UNITED STATES WAS A SURE THING,
AS WAS THE PRICE THE UNITED STATES WOULD PAY FOR THIS
PRODUCT; EVERYTHING LED TO THE ASSUMPTION THAT THIS
COLOSSAL (COMMERCIAL) TRANSACTION WAS FIRM WITH REGARD BOTH

TO THE CONSTRUCTION OF THE PIPELINE AND THE SALE OF THE
PRODUCT TO THE UNITED STATES.

5. IF THE UNITED STATES CAN NOW SUSPEND THE OFFERINGS OR
REQUESTS FOR CREDITS ON THE BASIS OF THE SETTING OF THE
PRICE FOR MEXICAN NATURAL GAS, THIS MEANS THAT THE PRICE
OF THIS PRODUCT WAS NOT CLEARLY AGREED UPON OR WAS NOT
PART OF THE LOGISTICS OF THE OPERATION.

6. VERY FEW DOUBTS REMAIN REGARDING THE NEED TO REVISE THIS
TRANSACTION. IT APPEARS THAT THERE IS NO SOUND GUARANTEE
THAT MEXICO CAN SELL ITS NATURAL GAS AT A CONVENIENT PRICE
FROM THE TIME THAT PEMEX CANCELLED ITS ORDER FOR MATERIALS
(FROM THE U.S. COMPANY). IT IS NOT KNOWN IF, IN SPITE OF
THIS, THE PIPELINE WILL BE BUILT; BUT AT THE MOMENT THERE
DO NOT APPEAR TO BE GREAT PROBABILITIES.

7. BEYOND THIS CONTINGENCY, WHICH IS HIGHLY REVEALING,
THERE IS ROOM TO SPECULATE ON THE CONVENIENCE OF INVESTI-
GATING SEVERAL HUNDREDS OF MILLIONS OF DOLLARS IN A PIPE-
LINE ESPECIALLY BUILT TO REACH THE BORDER WITH THE UNITED
STATES AND OBLIGATE THE SALE OF NATURAL GAS TO THE
NEIGHBORING COUNTRY.

8. THERE IS NO DOUBT THAT THE WHOLE SITUATION (AROUND THE
PIPELINE) IS NOT AS ENCOURAGING AS IT WAS SEEN TO BE
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BEFORE. END TEXT.

9. FULL TEXT OF FRONT PAGE ARTICLE FOLLOWS SEPTTEL.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PIPELINES, GASES, BUSINESS FIRMS, GAS PIPELINES
Control Number: n/a
Copy: SINGLE
Sent Date: 09-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MEXICO20524
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780027-0478, D770459-0290
Format: TEL
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19771273/aaaackdc.tel
Line Count: 98
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 75b39407-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 295681
Secure: OPEN
Status: NATIVE
Subject: EXIM CREDITS FOR GAS PIPELINE
TAGS: ENRG, MX, US, XMB
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/75b39407-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009